

**Illinois Bell Telephone Company**  
**Calculation of Balance Available for Return (\$ 000s)**  
**December 31, 2003**

**Exhibit B**

	Total Company	Non-Reg	Subject to Separ	Intra Ratios	Intrastate Amount	Intra Disallow	Adjusted Intra Amount **
	(a)	(b)	(c) = (a)-(b)	(d)	(e)	(f)	(g) = (e) + (f)
<b>Revenues</b>							
Local Service	1,736,401		1,736,401		1,736,401		1,736,401
Interstate Access	877,312		877,312		0		0
Intrastate Access	191,181		191,181		191,181		191,181
Long Distance Network Service	345,559		345,559		333,300		333,300
Miscellaneous	604,079	205,416	398,663		380,689		380,689
Less: Uncollectibles	15,501	50	15,450		506	(506)	0
Total Operating Revenue	3,739,032	205,366	3,533,666		2,641,065	506	2,641,571
<b>Operating Expenses</b>							
Depreciation & Amortization	888,493	11,168	877,325	0*	779,348	(2,265)	777,083
Plant Specific Operations	888,255	104,788	783,468	0.778645	610,043		610,043
Plant Non-Specific Operations	360,697	43,647	317,049	0.757673	240,220		240,220
Customer Operations-Marketing	149,175	32,775	116,400	0.810018	94,286		94,286
Customer Operations-Services	369,354	93,671	275,683	0.825562	227,593		227,593
Corporate Operations	364,294	44,669	319,626	0.787761	251,789	(14,024)	237,765
Interest on Customer Deposits	207	2	205	0.787761	162		162
Total Operating Expenses	3,020,476	330,720	2,689,755		2,203,440	(16,288)	2,187,152
Other Operating Taxes	42,755	1,838	40,917	0.765410	31,318		31,318
Total Costs & Expenses	3,063,230	332,558	2,730,672		2,234,758	(16,288)	2,218,470
..... Other Expenses	1,591	249	1,342	0.787761	1,057	(323)	735
Balance Before Income Taxes	674,210	(127,441)	801,652		405,249	17,117	422,367
Federal Income Taxes	198,108	(41,402)	239,510		121,077	5,561	126,637
State Income Taxes	46,618	(9,150)	55,768		28,192	1,229	29,421
Total Income Taxes	244,726	(50,552)	295,278		149,268	6,790	156,058
Balance Available for Return	429,484	(76,889)	506,374		255,981	10,327	266,308
Net Original Cost (Exhibit A)	3,905,190		3,856,658		2,569,475	171,938	2,741,413
<b>Return on Net Original Cost</b>	<b>11.00%</b>		<b>13.13%</b>		<b>9.96%</b>		<b>9.71%</b>

\* Depreciation expense for the Illinois jurisdiction is computed based on depreciation rates and amortization amounts used in External Reporting.  
See supporting Exhibit B1.

\*\* Difference due to rounding.

**Illinois Bell Telephone Company**  
**Total Company and Illinois Jurisdictional Rate Base**  
**Intrastate Depreciation and Amortization**  
**December 31, 2003**  
**(\$ 000s)**

**Exhibit B1**

Depreciation/Amortization by Plant Category	Primary USOA Account	Total Company	Nonregulated Factors	Nonregulated Amount	Subject to Separations	Intrastate Factors	Intrastate Depreciation
		(a)	(b)	(c)=(a*b)	(d)=(a-c)	(e)	(f)=(d*e)
General Support Facilities	2110	57,988	0.092300	5,352	52,636	0.790508	41,609
Central Office Equipment	2210,20,30	609,945	0.000310	189	609,756	0.787389	480,115
Origination/Termination Regulated	2310	8,097	0.000000	-	8,097	0.750000	6,073
Origination/Termination Nonregulated	2310	5,678	1.000000	5,678	-	0.750000	-
Cable and Wire Facilities	2410	327,417	0.000000	-	327,417	0.765362	250,592
		<b>1,009,125</b>		<b>11,219</b>	<b>997,906</b>		<b>778,389</b>
Amortization-Tangible *	2110	1,296	0.063989	83	1,213	0.790508	959
Amortization-Other **	2001	0	0.000000	-	-	0.765353	-
		<b>1,296</b>		<b>83</b>	<b>1,213</b>		<b>959</b>
<b>TOTAL</b>		<b>1,010,420</b>		<b>11,302</b>	<b>999,118</b>		<b>779,348</b>

\* Capital Leases/Leasehold improvements

\*\* Telecommunications Plant Adjustments